

Hill City School District 51-2 Five Year Capital Outlay Plan 2016-2021

Hill City School District 51-2
Board of Education
Fall 2016-2021

Hill City School District 51-2: Capital Outlay Fund

The Hill City School Board utilizes capital outlay funds in its daily operations to provide and promote a meaningful learning environment and experience for students. This fund makes up one of the five funds utilized to operate the district—General, Capital, Special Education, Pension, and School Lunch. District expenditures from this funding source play a vital role in the academic development of our students. Using capital outlay funds, the board of education offers students and patrons well maintained, clean, and up to date buildings that promote a safe and positive environment for learning. Faculty, employees, and students of the district benefit greatly from the technology, textbooks, equipment and other services purchased through this fund.

Many resources for learning are purchased through capital outlay funds. Expenditures for things such as renovations, remodeling, equipment, technology and debt services are allowable under capital outlay fund rules and regulations. Additionally, the district may purchase textbooks, computers, and technology software and hardware. Limited busing and energy/insurance costs may also come from our district's capital outlay fund. The board of education approves major capital renovations and purchases above \$25,000 through board action. Although a school district's capital outlay fund dollars may be used in the above categories, dollars from this fund may not be directed toward employee salaries.

Revenue for this fund is generated by local taxes. The Hill City School District mill levy for property taxes is currently set at **\$2.339** per \$1,000.00 of valuation. The Capital Outlay mill levy may not exceed \$3.00 per thousand of valuation. Statute requires the board of education request a dollar figure from the Pennington County Auditor's office. The board of education may utilize capital outlay dollars for General Fund purposes. No more than 45% of capital outlay revenue collected may be directed toward General Fund expenditures. Unreserved balances may be carried over to the next school year and applied to future projects.

A school district's capital outlay fund is described in SDCL 13-16-6:

"Definition and purposes of capital outlay fund--Levy required. The capital outlay fund of the school district is a fund provided by law to meet expenditures which result in the acquisition or lease of or additions to real property, plant, or equipment. Such an expenditure shall be for land, existing facilities, improvement of grounds, construction of facilities, additions to facilities, remodeling of facilities, or for the purchase or lease of equipment. It may also be used for installment or lease-purchase payments for the purchase of real property, plant, or equipment, which have a contracted terminal date not exceeding twenty years from the date of the installment contract or lease-purchase and for the payment of the principal of and interest on capital outlay certificates issued pursuant to § 13-16-6.2."

SDCL 13-16-6 may be read in its entirety by visiting the South Dakota State Legislature's Codified State Law website at their website <http://legis.state.sd.us/statutes/index.aspx>

The development of this five year document is for planning and information purposes only. Past capital outlay trend data and projected revenues/expenditures were utilized to prepare as thorough and complete a document as possible. The figures/projects/estimates presented within this document are recommendations and projections only. Projections in future years do not take into account unforeseen issues that may include a catastrophic event, codified law change, or other budget event that may occur.

Hill City School District 51-2: Capital Outlay Fund Revenue Projections and Reserve Fund Balance

The chart below reflects the projected revenue sources and amounts we may see over the next five years. The total local revenue shows the projected funds available in the academic year for building projects, equipment, technology, capital acquisition, textbooks, debt service and other expenditures allowable under capital outlay fund regulations.

Assumptions in the table include:

- 0% increase in assessed valuations each of the years noted below.
- Mill Levy at approximately **\$2.586** per \$1,000 of valuation for each of the years noted below.
- Utilize Capital Outlay “flex” provision for transportation and technology services

| Revenue Source | 2016-2017 Projected Budget | 2017-2018 Projected Budget | 2018-2019 Projected Budget | 2019-2020 Projected Budget | 2020-2021 Projected Budget |
|--------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 1110 Ad Valorem Taxes | \$1,165,522.00 | \$1,308,191.00 | \$1,365,516.00 | \$1,326,962.00 | \$1,263,145.00 |
| Transfers In From Reserve | \$59,387.08 | \$30,283.06 | \$0.00 | \$0.00 | \$0.00 |
| 1120 Prior Yrs Ad Valorem Taxes/ Mobile Home Tax | \$20,500.00 | \$20,500.00 | \$20,500.00 | \$20,500.00 | \$20,500.00 |
| 1190 Penalties and Interest on Tax | \$6,000.00 | \$6,000.00 | \$6,000.00 | \$6,000.00 | \$6,000.00 |
| Federal Title I | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Revenue | \$1,192,022.00 | \$1,334,691.00 | \$1,392,016.00 | \$1,353,462.00 | \$1,289,645.00 |

This chart illustrates the balance of the district’s projected unencumbered Capital Outlay Reserve fund.

| | 2016-2017 Projected Reserve | 2017-2018 Projected Reserve | 2018-2019 Projected Reserve | 2019-2020 Projected Reserve | 2020-2021 Projected Reserve |
|-----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Capital Reserve | \$772,128* | \$741,844.94 | \$767,801.94 | \$833,396.74 | \$884,617.18 |

* Denotes elementary roof replacement at projected cost of \$350,000.

Hill City School District 51-2: Five Year Capital Outlay Expenditures

The chart below illustrates the projected expenditures through this fund for the next five years. Projected expenditures are listed by building level and type.

| | 2016-2017 Projected Budget | 2017-2018 Projected Budget | 2018-2019 Projected Budget | 2019-2020 Projected Budget | 2020-2021 Projected Budget |
|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Revenue | \$1,192,022.00 | \$1,334,691.00 | \$1,365,516.00 | \$1,326,962.00 | \$1,263,145.00 |
| HCSD: K-12 Instruction | \$110,000.00 | \$110,000.00 | \$130,000.00 | \$110,000.00 | \$110,000.00 |
| HCSD: Technology Equip | \$33,000.00 | \$15,000.00 | \$15,000.00 | \$101,000.00 | \$15,000.00 |
| HCSD: Repairs Renovations | \$165,000.00 | \$145,000.00 | \$50,000.00 | \$50,000.00 | \$100,000.00 |
| HCSD: Debt Service | \$541,227.08 | \$719,675.00 | \$732,695.00 | \$619,260.00 | \$575,862.00 |
| HCSD: Computer Payments | \$79,000.00 | \$79,000.00 | \$79,000.00 | \$85,000.00 | \$85,000.00 |
| HCSD: Special Services | \$10,000.00 | \$10,000.00 | \$10,000.00 | \$10,000.00 | \$10,000.00 |
| HCSD: Fiscal Services | \$3,500.00 | \$5,000.00 | \$3,500.00 | \$3,500.00 | \$3,500.00 |
| HCSD: Equipment | \$10,000.00 | \$10,000.00 | \$10,000.00 | \$10,000.00 | \$25,000.00 |
| Op Trans Out: Flex to GF | \$264,682.00 | \$271,299.05 | \$284,864.00 | \$299,107.20 | \$314,062.56 |
| HCSD: Vehicle Acquisition | \$35,000.00 | \$0.00 | \$51,000.00 | \$0.00 | \$0.00 |
| Total Local Expenditures | \$1,251,409.08 | \$1,364,974.05 | \$1,366,059.00 | \$1,287,867.20 | \$1,238,424.56 |
| | (\$59,387.08) | (\$30,283.05) | \$25,957.00 | \$65,594.80 | \$51,220.44 |

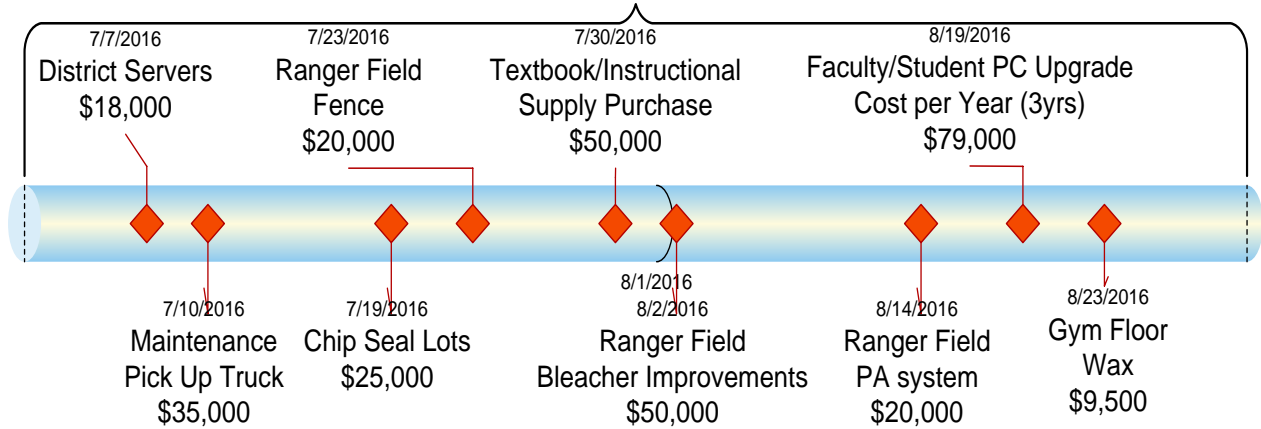
Expenditure Descriptions:

- **HCSD K-12 Instruction:** includes building level textbooks, building equipment, classroom furniture, athletic equipment/uniforms, fine arts equipment
- **HCSD Technology Equip:** Network storage, Network servers, SmartBoards/J Touch presentation technology, Wireless System, Surveillance Cameras, LED monitors/displays 24” to 70”
- **HCSD Repairs Maintenance:** building and district level renovation, HVAC needs, carpeting, lighting, parking lot repair/upgrade, sidewalk repair, football field light repair
- **HCSD Debt Service:** payment on outstanding debt obligations (High School/Gin’s Gym) Includes \$100,000 to principal annually to retire debt SY 2023-2024.
- **HCSD Computer Payments:** annual payment for faculty and student computers
- **HCSD Special Services:** equipment needs for special education purposes
- **HCSD Fiscal Services:** business office hardware
- **HCSD Equipment:** district level equipment needs for maintenance of buildings
- **HCSD Trans Out (Tech/Trans Services):** technology services and transportation “flex” from cap outlay to general fund.
- **HCSD Vehicle Acquisition:** replacement maintenance truck/Suburban for district use

The timelines below illustrate major renovation and capital acquisition projects recommended during the five year plan. The orientation of the project on the timeline does not necessarily indicate the start date or completion date. Projects listed are those with an estimated cost above \$5,000. Projects noted are recommendations and may only be completed by board of education approval.

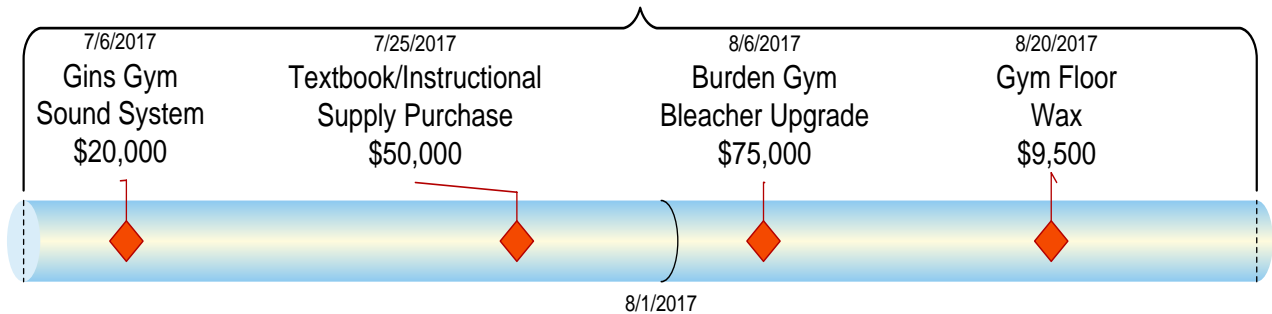
7/1/2016 - 8/30/2016

2016-2017 Projects and Estimated Costs



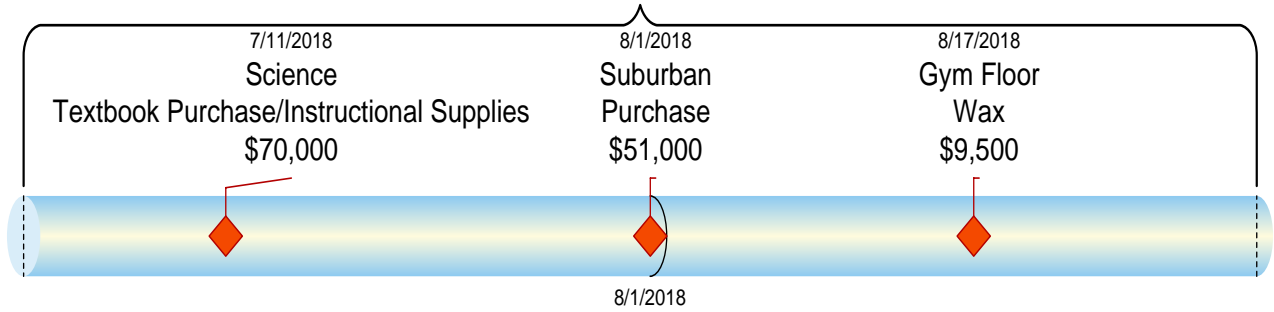
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2017-2018 Projects and Estimated Costs



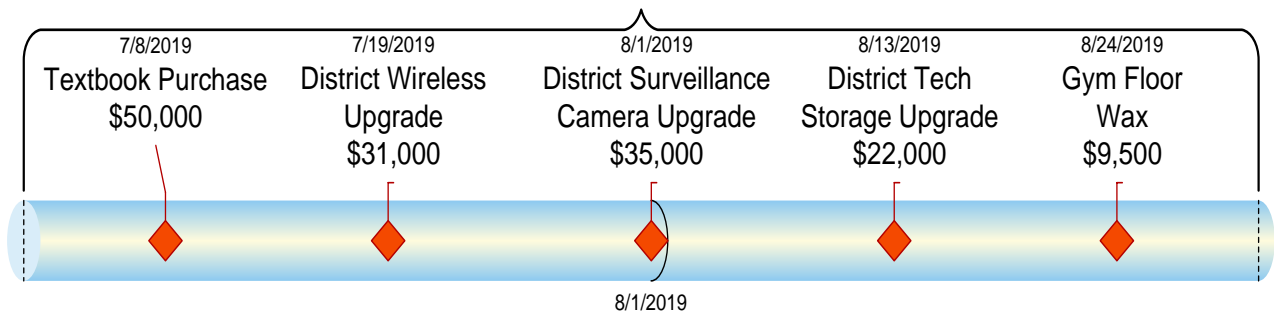
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2018-2019 Projects and Estimated Costs



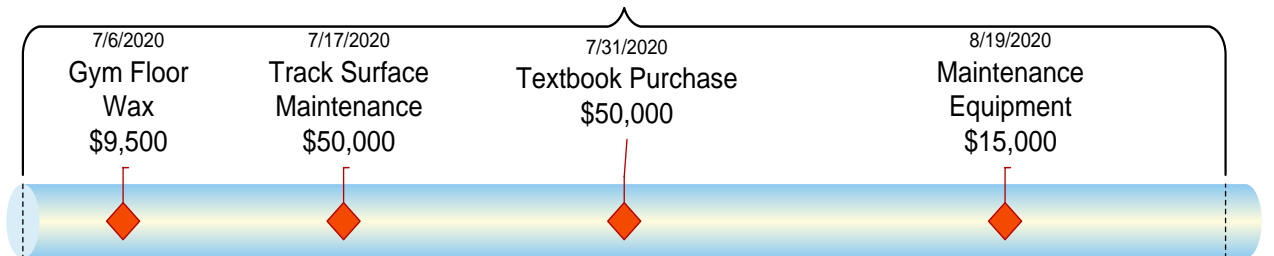
7/1/2019 - 8/31/2019

2019-2020 Projects and Estimated Costs



7/1/2020 - 8/30/2020

2020-2021 Projects and Estimated Costs



7/1/2020

8/31/2020

Hill City School District Capital Outlay Fund Recommendations:

- Adjust capital outlay tax request annually to meet board approved projected expenditures
- Utilize capital outlay “flex” provision provided under current statute
- Maintain an adequate capital outlay reserve balance for unforeseen major project or emergency not noted in timelines.